

No. 14,216

IN THE

United States Court of Appeals
For the Ninth Circuit

ALDEN HANSEN,

Plaintiff-Appellant,

vs.

SAFEWAY STORES, INCORPORATED,
a corporation,

Defendant-Appellee.

BRIEF ON BEHALF OF DEFENDANT-APPELLEE
SAFEWAY STORES, INCORPORATED.

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**BRIEF ON BEHALF OF DEFENDANT-APPELLEE
SAFEWAY STORES, INCORPORATED.**

I. INTRODUCTION.

In this brief, appellee will depart from the conventional form of an appellee's brief because appellant's opening brief, we believe, fails to set forth the case in the proper perspective and, therefore, requires that appellee not only present its case but correct the errors and supply the omissions of appellant. Therefore, in this brief, appellee will present the full scope of the case before this Court.

II. ABSTRACT OF THE PLEADINGS.

The complaint (V. I, p. 1)* alleged that appellee infringed appellant's patent and that appellant was damaged in the amount of \$750,000. A jury trial was demanded. In its amended answer (V. I, p. 10) appellee denied the allegations of the complaint and pleaded (1) that the patent in suit was invalid, (2) that the patent was not infringed, (3) that appellee had a shop right, (4) that appellee had a statutory license and (5) that appellant had not been damaged. Appellee agreed (V.I, p. 3) that it had used forms substantially identical to certain forms (which were attached to that stipulation) in its business in certain places and between certain dates.

In the answers to interrogatories propounded by appellee (V. I, p. 21) appellant indicated that he would claim at the trial (1) a breach of a confidential relationship between the parties, (2) that appellee agreed to pay to him reasonable compensation if the invention proved to be of value to appellee, and (3) that appellee breached this contract. These claims were quickly disposed of in a pre-trial order (V. I, p. 25) in which the trial court ordered:

“That the only issues to be tried in this matter are whether the claims of the Hansen patent in suit are valid or invalid and whether the business records of the defendant infringe or do not infringe a valid claim, if any, of said patent.”

*All references to the transcript will be to volume and page, i.e., (V. . . . , p. . . .) and references to plaintiff's and defendant's exhibits shall be (P. Ex. . . .) and (D. Ex. . . .).

The case was tried before a jury and at the conclusion of the evidence, the scope of which will more fully hereinafter be outlined, appellee moved for a directed verdict. (V. I, p. 26.) Ruling on that motion was reserved under the provisions of Rule 50(b) of the Federal Rules of Civil Procedure until after the jury should have passed upon the evidence. The cause was submitted to the jury under proper instructions, and the jury retired. After nine hours of deliberation, the foreman of the jury advised the court that the jury was unable to agree upon a verdict and the Honorable Court thereupon discharged the jury. (V. IV, p. 568.)

Within ten days after the jury was discharged appellee moved for judgment in accordance with its motion for a directed verdict. (V. I, p. 29.) The grounds of said motion were (1) that the patent in suit was invalid because it did not define invention over the prior art as exemplified by certain prior uses and certain patents and did not reveal a flash of creative genius but merely the skill of the calling, (2) that appellee's business records did not infringe, (3) that appellee was possessed of a statutory license, (4) that appellee was possessed of a shop right, and (5) that appellant had failed to prove that he had been damaged. (V. I, 29.)

The judgment of the court (V. I, p. 58) states in part:

“The court having considered the evidence and the law finds as a matter of law that there was no evidence offered and received in said cause

which would justify a verdict in favor of plaintiff and against said defendant, and that the evidence was legally insufficient to support a verdict in favor of plaintiff, and having directed entry of judgment in favor of defendant in accordance with said motion,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that plaintiff take nothing; that the action be and it is hereby dismissed on the merits with prejudice; that defendant have and recover from plaintiff its costs in the action and that defendant have execution therefor."

and it is from this judgment that appellant has appealed.

III. SPECIFICATION OF ERRORS BY PLAINTIFF-APPELLANT.

The rules of this Court provide that appellant must clearly set forth in his brief the specification of errors upon which he relies. Appellant purports to do so on page 9 of his brief, as follows:

"The trial court erred in deciding the case as a matter of law pursuant to Rule 50(b) and foreclosing jury consideration thereof."

"If there is any evidence to support the verdict rendered, or which might be rendered of sufficient probability as would allow reasonable minds to differ on the question, the matter is for the jury to decide."

As previously pointed out, appellee made a motion for a directed verdict at the conclusion of the testi-

mony. The learned trial judge neither granted nor denied the motion at that time but reserved ruling on the motion until after the jury had passed upon the evidence. (V. I, p. 58, lines 7 to 11 inclusive.)

The cause was submitted to the jury, but the jury failed to agree upon a verdict and was discharged. Thereafter, within ten days after said jury was discharged, appellee made a motion for judgment in accordance with motion for a directed verdict. The Court considered the evidence and found as a matter of law that there was no evidence offered and received in said cause which would justify a verdict in favor of the appellant and directed a verdict for the appellee. (V. I, p. 58.)

Appellee submits that it was proper for the learned trial judge in considering appellee's motion to analyze the evidence and find that there was no substantial evidence which would justify a verdict in favor of appellant and then rule upon the questions of validity, infringement, shop right, statutory license, and damages, all of which were properly raised by appellee's motion.



IV. THE TRIAL JUDGE HAS A RIGHT TO DIRECT A VERDICT WHERE NO VERDICT IS RETURNED.

At common law there was a well established practice of reserving questions of law arising during trials by jury and of taking verdicts subject to the ultimate ruling on the questions reserved; and under this practice the reservation carried with it authority to make

such ultimate disposition of the case as might be made essential by the ruling under the reservation, such as nonsuiting the plaintiff where he had obtained a verdict, or making other essential adjustments. *Baltimore and Carolina Line v. Redman* (1935), 295 U.S. 654, 79 L.Ed. 1636.

This practice was undoubtedly well established when the Seventh Amendment was adopted, and therefore must be regarded as a part of the common law rules to which resort must be had in testing and measuring the right of trial by jury as preserved and protected by that amendment. *Baltimore and Carolina Line v. Redman, supra*; *Galloway v. United States* (1943), 319 U.S. 372, 63 S.C. 1077.

Rule 50(b) of the F.R.C.P. specifically codified this and also states that if no verdict is returned, the Court may direct the entry of judgment as if the requested verdict had been directed.

The Courts have uniformly held under this rule that where the jury fails to agree that the appellee has a right to move for a directed verdict. *Fletcher v. Agar Mfg. Corp.* (D.C. W.D. Mo., 1942), 45 F. Supp. 650; *Willis v. Pennsylvania R. Co.* (C.C.A. 2, 1941), 122 F. 2d 248; *Renault v. L. N. Renault & Sons, Inc.* (D.C. E.D. Pa., 1950), 90 F. Supp. 630. In considering such a motion the Court must decide whether or not there is any substantial evidence, upon which the jury could find for the appellant [see *Blue Bird Taxi Corp. v. American*

Fidelity & Casualty Co. (D.C. E.D. S.C., 1939), 26 F. Supp. 808] and where the evidence is undisputed the court must determine its effect as a matter of law. *Renault v. L. N. Renault & Sons, supra.*

In general, appellee's motion should be considered to be analogous to a motion for a directed verdict after the close of the evidence or a motion for a judgment notwithstanding the verdict. The pertinent patent cases involving these analogous motions are discussed below.

V. THE TRIAL JUDGE HAS A RIGHT TO DIRECT A VERDICT OR ENTER A JUDGMENT NOTWITHSTANDING THE VERDICT IN A PATENT CASE.

It is the appellee's view that the trial court's right, in view of the Seventh Amendment, to direct a verdict or enter a judgment n.o.v. in a patent case does not require reconsideration by this Court. Were this not so, the United States Supreme Court would not have denied certiorari in:

Lunn v. F. W. Woolworth Co. (C.A. 9, 1953),
207 F. 2d 174, c. d. 346 U.S. 900;

Ryan Distributing Corp. v. Caley (C.C.A. 3,
1945), 147 F. 2d 138, c. d. 325 U.S. 859, 65
S.C. 1199;

*Refrigeration Patents Corp. v. Stewart Warner
Corp.* (C.C.A. 7, 1947), 159 F. 2d 972, c. d.
331 U.S. 834, 67 S.C. 1515;

Packwood v. Briggs & Stratton Corp. (C.A. 3, 1952), 195 F. 2d 971, c. d. 344 U.S. 844, 73 S.C. 61;

in which the protection of the Seventh Amendment was strenuously and unsuccessfully urged upon the Supreme Court.

VI. THE TRIAL JUDGE IN A PATENT CASE HAS A DUTY TO DIRECT A VERDICT WHERE THERE WAS NO SUBSTANTIAL EVIDENCE WHICH WOULD JUSTIFY A VERDICT FOR PLAINTIFF-APPELLANT.

The right to direct a verdict in a patent case, or as a matter of fact in any type of case, depends upon whether we are concerned with questions of fact or questions of law. Since earliest times, this Court and the Supreme Court have been plagued with petitions to decide whether the validity of a patent is a question of fact or law. However, the Supreme Court has consistently held that when the facts are little in dispute and no conflict in testimony is involved, the question of validity is a question of law. The Supreme Court's last statement of this well established rule was in *Great Atlantic and Pacific Tea Co. v. Super Market Equipment Co.* (1950), 340 U.S. 147, 71 S.C. 127, hereinafter cited as *A & P* case, in which case Justices Douglas and Black, in a concurring opinion, went even further and held it to be a question of law *in all cases*.

In the present case, these separate views need not be considered for there is no serious contention that the facts are in dispute or that there is any necessity

to resolve any conflict in the testimony. As a consequence, this is clearly a case where patentability is to be treated as a question of law and the pertinent rule is well stated in *United States v. Esnault-Pelterie* (1938) 303 U.S. 26, 58 S.C. 412, where the court states at page 30:

“* * * where, with all the evidence before the court, it appears that no substantial dispute of fact is presented, and that the case may be determined by a mere comparison of structures and extrinsic evidence is not needed for purposes of explanation, or evaluation of prior art, or to resolve questions of the application of descriptions to subject-matter, the questions of invention and infringement may be determined as questions of law.”

Applying this rule, in an appeal from the denial of a motion to direct the verdict in a patent case, the Supreme Court in *Market Street Cable Railway Company v. Rowley* (1895), 155 U.S. 621, 15 S.C. 224, reversed the trial court emphasizing at pages 625 to 630 that the trial court had the *duty* to so direct the verdict:

“Did the court below err in refusing to instruct the jury to find a verdict for the defendant on the ground that the patent sued on was void for want of novelty?”

“The defendant put in evidence a number of patents prior in date to the plaintiff’s, and asked the court to compare the inventions and devices therein described with those claimed by the plaintiff. No extrinsic evidence was given or needed to explain terms of art, or to apply the

descriptions to the subject-matter, so that the court was able, from mere comparison, to say what was the invention described in each, and to affirm from such mere comparison whether the inventions were or were not the same. The question was, then, one of pure construction and not of evidence, and consequently was matter of law for the court, without any auxiliary fact to be passed upon by the jury.”

“If, upon the state of the art as shown to exist by the prior patents, and upon a comparison of the older devices with those described in the patent in suit, it should appear that the patented claims were not novel, it becomes the duty of the court to so instruct the jury * * *”

“* * * In view, then, of the state of the art as manifested by several prior patents, we think it is plain that the patent of Lyon and Munro is void for want of patentable novelty, and that the court below erred in not so instructing the jury.”

Appellee contemplates that appellant will attempt to label this case as an exception and distinguish it from the case at bar because there was “extrinsic evidence.” However, if appellant argues that the patent and the prior art need explanation, the answer is found in the obvious simplicity of the patent (admitted by appellant in his brief on page 8) and of the prior art. Furthermore, this same argument has been found entirely wanting where the patents involved were simple and it is clear that such extrinsic evidence is unnecessary. *A & P case, supra; Crest Specialty v. Trager et al.* (1952), 341 U.S. 912, 71 S.C. 733.

Thus, when there is no conflict of testimony, no question arises relative to the court's setting aside any question of fact—for none is involved. The real point is whether, considering the clear showing of the patent and the prior art, the margin of difference between the prior art and the patent rises to the dignity of invention. Basically, this is the same question which was presented to the Supreme Court in the *A & P* case wherein it was argued that an appellate court could not set aside a finding of invention made by the trial court. This contention was completely answered, on pages 153-4:

“The questions of general importance considered here are not contingent upon resolving conflicting testimony, for the facts are little in dispute. We set aside no finding of fact as to invention, for none has been made except as to the extension of the counter, which cannot stand as a matter of law. The defect that we find in this judgment is that a standard of invention appears to have been used that is less exacting than that required where a combination is made up entirely of old components. It is on this ground that the judgment below is reversed.”

This statement contains the crux of the matter; *it is the standard of invention which controls*, and it is this principle which the Courts of Appeals, which have recently considered the question, have followed in approving the setting aside of jury verdicts in patent cases where the proper standard has been ignored.

descriptions to the subject-matter, so that the court was able, from mere comparison, to say what was the invention described in each, and to affirm from such mere comparison whether the inventions were or were not the same. The question was, then, one of pure construction and not of evidence, and consequently was matter of law for the court, without any auxiliary fact to be passed upon by the jury."

"If, upon the state of the art as shown to exist by the prior patents, and upon a comparison of the older devices with those described in the patent in suit, it should appear that the patented claims were not novel, it becomes the duty of the court to so instruct the jury * * *"

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Appellee contemplates that appellant will attempt to label this case as an exception and distinguish it from the case at bar because there was "extrinsic evidence." However, if appellant argues that the patent and the prior art need explanation, the answer is found in the obvious simplicity of the patent submitted by appellant in his brief on prior art. Furthermore, the

Thus, when there is no conflict of testimony, no question arises relative to the court's setting aside any question of fact—for none is involved. The real point is whether, considering the clear showing of the patent and the prior art, the margin of difference between the prior art and the patent rises to the dignity of invention. Basically, this is the same question which was presented to the Supreme Court in the *A & P* case wherein it was argued that an appellate court could not set aside a finding of invention made by the trial court. This contention was completely answered, on pages 153-4:

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This statement contains the error in that the court is not a trier of fact, and it is the duty of the court to set aside a verdict which is against the weight of the evidence. The court is not to consider the facts of the case, but to consider the legal questions which are presented. In the instances of this case, the court had the right to set aside the verdict because there was no showing of novelty and inven-

A recent opinion of this Court is *Berkeley Pump Co. v. Jacuzzi Brothers, Inc.* (CA 9, 1954); F. 2d, 102 USPQ 100.

Berkeley brought suit against Jacuzzi charging the latter with infringement of the Berkeley patent and demanded damages and reasonable attorney's fees. At the conclusion of the plaintiff's case in chief, the Honorable Michael J. Roche directed the jury to return a verdict in favor of Jacuzzi. Judgment was entered on this verdict and the appeal followed. Jacuzzi's motion for a directed verdict was on the premise that the evidence revealed the subject matter of the patent in suit did not constitute invention. This Court stated:

“Obviously the directed verdict rested on the conclusion of the judge that, in the light of all the evidence adduced, it was his judicial duty to direct such a verdict at the hands of the jury.”

This Court reviewed the evidence and determined that the trial judge acted within the scope of his authority in directing a verdict in favor of the defendant. In so concluding the Court stated what constitutes invention within the meaning of the law and referred particularly to the *A & P* case; *Kwikset Locks v. Hillgren* (CA 9, 1954), 210 F. 2d 483; *Jacuzzi Brothers v. Berkeley Pump Co.* (CA 9, 1951), 191 F. 2d 632; *Photo Chart v. Photo Patrol* (CA 9, 1951), 189 F. 2d 625; and *Himes v. Chadwick* (CA 9, 1952), 199 F. 2d 100.

This Court concluded that the evidence in the case failed to show that the alleged invention arose to the

standard defined by these cases and that on the evidence before him and under the rules of these cases that the Learned District Judge acted within the scope of his authority when he concluded that the patent in suit was invalid and directed a verdict.

In *Himes et al. v. Chadwick, supra*, this Court had before it for determination the question of whether or not the District Court in rendering a judgment for the defendant notwithstanding the verdict was acting within its authority. This was an action for infringement of a patent and after the trial and at the conclusion of the evidence the plaintiff moved for a directed verdict. The motion was denied and the case was submitted upon instructions whose correctness was not challenged by either party. The jury returned a verdict finding the claims in issue to be valid and infringed. Thereupon the defendant moved for a judgment notwithstanding the verdict which motion was granted. Judgment was entered adjudging the claims at issue to be invalid and, in addition, that the claims of one of the patents were not infringed. This Court stated the problem to be (p. 102):

“On this appeal from the judgment, primary emphasis is placed upon the proposition that the presence or absence of patentable invention, and whether there was infringement, were questions of fact and that it was the province of the jury to weigh the evidence and decide these questions. It is asserted that the circumstances of this case are not such that the trial court had the right or the power to set aside the verdict because there was substantial evidence of novelty and inven-

tion in respect to each patent as well as substantial evidence of infringement of the Himes patent.

The question before us is whether 'the evidence is such that without weighing the credibility of the witnesses there can be but one reasonable conclusion as to the verdict' and that such conclusion was the one arrived at by the trial judge.

The right and duty of the trial judge to direct a verdict in a patent case, where the circumstances indicate that the jury has departed from the relevant legal criteria by which either a jury or a judge must be guided in their or his fact-finding function, was well expressed in *Packwood v. Briggs & Stratton Corp.*, 3 Cir., 195 F. 2d 971, 973, as follows: 'A jury in a patent case is not free to treat invention as a concept broad enough to include whatever discovery or novelty may impress the jurors favorably. Over the years the courts of the United States, and particularly the Supreme Court, have found meaning implicit in the scheme and purpose of the patent laws which aids in the construction of their general language. In this process, rules and standards have been developed for use as guides to the systematic and orderly definition and application of such a conception as invention in accordance with what the courts understand to be the true meaning of the Constitution and the patent laws. Once such standards and rules are authoritatively announced any finding of "invention" whether by a court or a jury must be consistent with them.' We proceed then to inquire whether this was an appropriate case for the exercise of this power by the trial judge."

The Court then analyzed some of the evidence and stated (p. 103):

“We must inquire whether the patent relied upon as an anticipation would teach the mechanic skilled in the art the solution to the problem claimed to be solved by the invention now in issue.”

Further this Court said:

“The question remains whether, applying the standards commonly followed in cases involving claims of anticipation, it can be said that the disclosures of the prior art negative invention notwithstanding some differences and advances which may in the circumstances be no more than those which would occur to any person possessed of ordinary mechanical skill. *Leishman v. General Motors Corp.*, 9 Cir., 191 F. 2d 522, 530. The problem is whether Parks produced something better than that which went before, and if it did, whether under the rules and standards which must be the guide for both the judge and the jury, the addition made here by the putative inventor amounted to invention.”

The Court then analyzed the *A & P* case in which the Supreme Court made certain tests and standards and stated:

“Measured by these standards and by the rules generally announced by the Supreme Court as tests for invention, we think that so far as the Parks patent is concerned, this is a clear-cut case of lack of invention and that under the rule

we have stated above as to its claims it was the duty of the Court to enter a judgment n.o.v.”

This Court in the case of *Lunn v. F. W. Woolworth Co.*, *supra*, decided June 29, 1953, had before it a matter in which, at the close of all of the evidence, the defendant had moved for a directed verdict which was denied. Thereafter, the jury returned a verdict finding that the patent was valid and infringed which verdict was allowed to stand by the District Court.

This Court described the plaintiff's patent, referred to only three prior art patents, and found:

“Thus the evidence conclusively showed that claim 4 of plaintiff's patent was invalid for lack of novelty, lack of invention or lack of both novelty and invention. We therefore hold that defendant's motion for a directed verdict should have been granted.”

In each of its opinions this Court has referred to the decision of Judge Hastie in *Packwood v. Briggs & Stratton Corp.*, *supra*, which was a patent infringement suit in which a jury found the plaintiff's patent valid and infringed by the defendant. Thereafter the trial judge, while candidly stating his own conviction that the patent was invalid for lack of invention, denied the defendant's motion for a judgment n.o.v., reasoning that he had no authority to substitute his judgment on the contested issue of invention for that of a jury. The Court of Appeals for that circuit held that he not only had the power but the *responsibility* and *duty* and stated:

“On this appeal we have to decide whether this deliberate self restraint was error or proper deference to the role and action of the jury.”

* * * * *

“This finding of invention and validity was very clearly wrong. A jury in a patent case is not free to treat invention as a concept broad enough to include whatever discovery or novelty may impress the jurors favorably. Over the years the courts of the United States, and particularly the Supreme Court, have found meaning implicit in the scheme and purpose of the patent laws which aids in the construction of their general language. In this process, rules and standards have been developed for use as guides to the systematic and orderly definition and application of such a conception as invention in accordance with what the courts understand to be the true meaning of the Constitution and the patent laws. Once such standards and rules are authoritatively announced any finding of ‘invention’ whether by a court or a jury must be consistent with them.

This is no peculiarity of patent law. Jury findings of negligence or proximate cause must comport with common law rules devised to give reasonable and systematic meaning to those generalities. For such rules, see Restatement of the Law, Torts, Negligence, Chs. 12-16. And so it is throughout the body of the common law. This authority and responsibility to keep jury findings within reasoned rules and standards is an essential function of United States judges today as it long has been of common law judges. See *Capital Traction Co. v. Hof*, 1899, 174 U.S. 1, 13-16, 19 S. C. 580, 43 L. Ed. 873. It stands

as a great safeguard against gross mistake or caprice in fact finding.”

Prior to its decision in the *Packwood* case, the Court of Appeals for the Third Circuit had in 1945, in the case of *Ryan Distributing Corporation v. Caley*, 147 F. 2d 138, pointed out that entry of a judgment n.o.v. is the appropriate corrective action when a jury has found a patent valid although the court’s application of defining principles reveals “a clear-cut lack of invention”.

The United States District Court for the Western District of Pennsylvania, District Judge Marsh, in the case of *Fraver v. Studebaker Corporation* reported at 112 F. Supp. 209, had before it a situation in which a motion by the defendant for a directed verdict was refused. Thereafter, a general verdict by a jury was returned in favor of the plaintiff and judgment was entered on the verdict. Subsequently, the defendant filed a motion to set aside the verdict and enter judgment in its favor. The District Court on the authority of the *Packwood* and *Ryan* cases, *supra*, was of the opinion that that motion should be granted. In so concluding, the court applied the standards of invention established by the Supreme Court in the *A & P* case and stated:

“Summarizing, the court is of the opinion that the patent in suit is invalid, whether construed broadly or limitedly; if when limitedly construed it were deemed valid, as the jury found, then, as a matter of law, claim 1 thereof would not be infringed by the accused structure.”

District Judge Fitzpatrick of the United States District Court for the Eastern District of Pennsylvania in 1953 had before him a similar situation in *Fischer and Porter Co. v. Brooks Rotameter Co.*, reported at 107 F. Supp. 1010. The jury returned a verdict for the plaintiff and the defendant moved to set aside the verdict under Rule 50 (b) of the Federal Rules of Civil Procedure.

The court then analyzed all of the law, the alleged invention and the prior art and granted the motion.

Wherefore the law uniformly must be and is that it is the duty of the trial judge and the jury to apply the standards of invention established by the United States Supreme Court and by this Court in the A & P case and in Himes v. Chadwick and when the trial court finds that the alleged invention does not measure up to these standards or tests it is his duty, even in cases where the jury has found that the patent is valid, to grant a judgment notwithstanding the verdict. If this is so when the jury has found the patent valid, clearly it is so when the jury is unable to find the patent valid as in the case in issue.

And the same law must apply to all matters of law, as, for example, when the court determines that the rules of infringement have not been followed by the jury. *Patent Scaffolding Co., Inc. v. Up-right, Inc.* (C.A. 9, 1952), 194 F. 2d 457.

Appellant has had his day in court and his case was given to the jury for its consideration. His rights were fully protected.

In the final analysis, then, appellant's difficulty arises from his failure to appreciate that any jury finding of "invention" must be "consistent with controlling standards". The yardstick against which invention is measured, like many other legal standards, is well established by the courts; the jury's only function is to set the improvement alongside this yardstick and make the necessary comparison as a matter of fact. But if, in doing so, a "standard of invention appears to have been used less exacting than that required" the verdict is defective (*A & P* case) and the "entry of judgment n.o.v. is the appropriate corrective action [because the] jury has found a patent valid although the court's application of defining principles reveals 'a clear-cut case of lack of invention.'" *Ryan Distributing Corporation v. Caley* and *Packwood v. Briggs & Stratton Corp., supra*.

'Appellant, therefore, has not been deprived of his right to a jury trial. Furthermore, his right to a jury trial is no more sacred than the appellee's counterbalancing right to have *its* cause judged according to the established rules of law. As stated in *Galloway v. United States, supra*, the appellant's position which essentially denies any review of jury verdicts, imposes too great a risk upon the defendant. The Supreme Court stated at page 1088:

"The true effect of imposing such a risk would not be to guarantee the plaintiff a jury trial. It would be rather to deprive the defendant (or the plaintiff if he were the challenger) of that right; or, if not that, then of the right to challenge the

legal sufficiency of the opposing case. The Amendment was not framed or adopted to deprive either party of either right. It is impartial in its guaranty of both. To posit assertion of one upon sacrifice of the other would dilute and distort the full protection intended.”

**VII. THE TRIAL JUDGE AND THE JURY MUST FOLLOW
A STANDARD OF INVENTION.**

The foregoing analysis clearly establishes the duty of the trial court and the jury to measure the alleged invention against the legal standard, and if the jury fails to follow this standard, the trial judge must set aside the verdict. The law is equally clear as to the standard or yardstick of invention to be applied to the patent in question.

The standard of invention which must be applied in this case is not the standard of invention which appeals to the Patent Office or to the “man on the street”, but is the standard of invention which has been established by the courts: *A & P case*; *Photo Chart v. Photo Patrol, supra*; *Jacuzzi Bros., Inc. v. Berkeley Pump Co., supra*; *Himes v. Chadwick, supra*; *Kwikset Locks v. Hillgren, supra*; *Berkeley Pump Co. v. Jacuzzi Bros., Inc., supra*; *Lunn v. F. W. Woolworth Co., supra*; *Patent Scaffolding Co., Inc. v. Up-right, Inc., supra*; *Hunter Douglas Corporation v. Lando Products, Inc.* (C.A. 9, decided August 18, 1954),F. 2d

The test which has been adopted by the Supreme Court in the *A & P* case and by this Court of Appeals is as follows:

“This case is wanting in any unusual or surprising consequences from the unification of the elements here concerned, and there is nothing to indicate that the lower courts scrutinized the claims in the light of this rather severe test.”

“Two and two have been added together, and still they make four.”

“Courts should scrutinize combination patent claims with a care proportioned to the difficulty and improbability of finding invention in an assembly of old elements. The function of a patent is to add to the sum of useful knowledge. Patents cannot be sustained, when on the contrary, their effect is to subtract from former resources freely available to skilled artisans. A patent for a combination which only unites old elements with no change in their respective functions, such as is presented here, obviously withdraws what already is known into the field of its monopoly and diminishes the resources available to skillful men. This patentee has added nothing to the total stock of knowledge, but has merely brought together segments of prior art and claims them in congregation as a monopoly.”

A standard of invention having been established and there being no question of the duty of the jury, the trial court, and this Court to measure the alleged Hansen invention against this standard, the subsequent review of the prior art and prior uses clearly

demonstrates the invalidity of the Hansen patent, as a matter of law.

VIII. THE PATENT IN SUIT IS INVALID.

The patent in suit is invalid because the business record defined by its claims does not constitute invention over the prior art as exemplified by the business forms used by the Pontiac Motor Car Company, the pasted-in forms used by the appellee, or over the prior art patents to Groby, Graham, Bach and Iseri, and for the further reason that the alleged invention does not reveal a flash of creative genius but at most merely the skill of the calling.

A. An Analysis of the Patent in Suit.

Appellant devotes less than a page of his opening brief to a description of the alleged invention of the patent in suit. However, appellee believes that a complete analysis of the patent in suit is essential to a proper determination of the appeal; hence the following comments:

As illustrated in Figure 1 of the Hansen patent (P. Ex. 1) (which is the first page of drawings of the patent), appellant provides a so-called foundation sheet which is nothing more nor less than a sheet of appropriate size to fit in a binder, upon which there are numerous horizontal and vertical lines dividing the sheet into horizontal and vertical columns. There is nothing new about horizontal and vertical lines on an accounting sheet.

At the top of the vertical columns there are provided certain "indicia" which are nothing more or less than captions or titles to define the type of information which is to be found in these vertical columns under these captions. In other words (and still referring to Figure 1 of the drawings of the Hansen patent) this Court will observe that the indicium "Milk and Cream" appears at the top of one of the columns. This indicium indicates that all information in that column relates to "Milk and Cream". In the same manner all material appearing in the column under the heading "Produce" relates to "Produce". Up to the present time nothing new or novel has been added.

The second page of drawings of the Hansen patent discloses two figures, Figures 2 and 3. Figure 2 illustrates a second sheet of paper which is provided with vertical perforations which are numbered 29. These perforations permit the sheet to be torn into a number of long strips. Each of these strips is provided with a heading or indicium at the top, such as the word "Produce" and is also provided with lines, horizontal and vertical, which divide the strip into various portions in which certain information can be placed. It will be pointed out later that there is nothing new or novel in providing perforations to tear a sheet into strips, or in dividing a bookkeeping sheet, whether it is in the form of an enlarged sheet or a narrow strip into well defined areas to accommodate certain specific figures or information. It will also be shown that there is nothing new in providing various

indicia at the head of such gummed strips to designate their particular ultimate location on a foundation sheet.

It will also be noted in Figure 2 that there are certain figures in the columns, such as the figures 402, 415, 421, 422, etc. These figures do not play a part in the Hansen invention. They are merely code numbers referring to a particular store; for example, the code number 402 refers to one of appellee's stores and rather than identify the store by its address, etc., appellee has adopted this code system. Appellant, being aware of that at the time he made his alleged invention, adopted these code numbers.

Appellant illustrates, in Figure 3 of his patent, the manner in which the strips (which are produced by tearing the sheet illustrated in Figure 2 along the perforated lines) are affixed, by gluing, to the foundation sheet (of Figure 1) and it will be noted that the indicium at the top of the strip is positioned in such a manner that it is immediately below a similar indicium on the foundation sheet. Thus, as illustrated in Figure 3, the word "Produce" on the elongated strip is immediately beneath the word "Produce" on the foundation sheet. In the same manner (referring to Figure 1) should the elongated strip bear the indicium "Milk and Cream" it would be positioned in the column identified by the indicium "Milk and Cream" on the foundation sheet.

The claims of the patent in suit define the alleged invention and an analysis of at least one of the claims will perhaps be very helpful to the court.

Claim 9 (probably the broadest claim) reads as follows:

“The combination of a foundation form having a plurality of columns determined by spaced vertical lines, and a sheet vertically scored to form a plurality of detachable strips applicable to said foundation form between the column determining lines thereof, means for securing said strips to a desired column in said foundation form, and means for indicating proper or improper location of such strips when applied to said foundation form.”

A comparison of the language of the claim with the apparatus disclosed in the drawings reveals:

(1) “*A foundation form having a plurality of columns determined by spaced vertical lines*”.

(The foundation form is the entire sheet illustrated in Figure 1 of the patent and the columns are, of course, the areas defined by the vertical lines 9.)

(2) “*and a sheet vertically scored to form a plurality of detachable strips applicable to said foundation form between the column determining lines thereof.*” (The vertically scored sheet adapted to form a plurality of detachable strips is illustrated in Figure 2 of the patent in suit and it will be noted that the strips thus formed are slightly narrower than the vertical columns on the foundation sheet illustrated in Figure 1.)

(3) “*means for securing such strips to a desired column of said foundation form.*” (The reverse side of the strips are provided with glue or some

other adhesive so that they may be secured to the foundation sheet.)

(4) “*and means for indicating proper or improper location of such strips when applied to said foundation form*”. (The means for indicating proper or improper location are, of course, the indicia on the foundation sheet and on the vertical strips.)

Thus we have Hansen’s alleged invention which even Hansen admits is simple. (Appellant’s opening brief, p. 8.)

To further aid this Court in defining the alleged invention, we respectfully direct this Court’s attention to the opinion of the Court of Customs and Patent Appeals, *In re Hansen* (C.C. & P.A. 1946), 154 F. 2d 684. In that opinion the court stated that the invention was restricted to the simultaneous coexistence of four essential features and cited the inventor’s own definition of his alleged invention:

“So, as epitomized in the brief for appellant the structure embraces four elements alleged to be basic, viz.: * * * (1) a foundation form having columns, (2) indicia on said foundation form identifying such columns, (3) strips attachable in the columns of the foundation form in a manner to leave the column indicia exposed, and (4) corresponding or matching indicia on such strips.’

The brief further alleges that ‘The absence of any one of these basic elements divests the invention of its identity,’ and ‘This is important from the viewpoint of the prior art.’ ”

At the trial Mr. Hansen agreed that these elements were essential.

“Q. So that Claim 1 requires as an essential element that both of these should be exposed simultaneously, does it not?”

A. Yes, sir.

Q. Then, Mr. Hansen, if upon the application of a strip to a foundation form, these two indicia were not both exposed, you would not have that combination of that claim, would you?

A. No, that is right.” (V. III, p. 28, lines 24-25, p. 29, lines 1-5.)

Mr. Hansen further testified that ALL the claims required the simultaneous exposure of the indicium on the foundation sheet and the indicium on the gummed strip when the gummed strip was positioned on the foundation sheet. (V. III p. 29, lines 21-23; p. 34, lines 6-12; p. 35, line 18 to p. 36, line 1; p. 38, line 12 to p. 40, line 8, inclusive.)

Stripped of excess verbiage therefore, the alleged invention may be defined as the combination of four features, all of which appellee will show to have been old and in the public domain prior to Hansen’s alleged invention.

B. An Analysis of the Art Relied Upon by the Patent Office and the Court of Customs and Patent Appeals.

An analysis of the opinion of the Court of Customs and Patent Appeals in *In re Hansen, supra*, reveals that that court referred to the patents issued to Lubin, Pezze and Wilford. Large photographic representations of these patents are in evidence as de-

defendant-appellee's exhibits Z, AA, AB and AC. These exhibits clearly show that these patents do not reveal the four elements which the Court of Customs and Patent Appeals said constituted the alleged invention, as pointed out previously herein on page 27 of this brief. For example:

(1) The patent to Lubin, No. 1,318,163 will be found in defendant-appellee's exhibit AM, booklet of patents. This patent discloses two blanks positioned one over the other, and which are provided with suitable lines on which the articles ordered or mentioned may be designated. The sheet illustrated in Figure 2 is provided with a gummed backing. Information written on the top sheet will, by virtue of carbon paper placed between the sheets, be transferred to the bottom sheet. The bottom sheet is provided with perforated lines 12 which extend the width of the sheet and by virtue of this arrangement the various items may be torn from the blank and separated from each other so that they may be fixed by their gummed backing to department sales checks, thus eliminating transcription problems. (Specification of the Lubin patent, page 1, lines 40 through 80.) Lubin fails to show indicia on the foundation form and on the strip. In other words, when Lubin's strip is removed as a part of the bottom sheet it is simply put on a sales slip and apparently no effort is made to match any indicia thereon with any other indicia on the sales slip.

(2) The patent to Wilford, 1,634,240, which was relied upon by the Court of Customs and Patent Ap-

peals, is also found in Exhibit AM, and discloses an insurance policy form in which information concerning an insured individual may be placed upon certain previously arranged sheets by a doctor. Some of the sheets are then torn into strips and the strips are glued to master sheets. Wilford fails to show the matching indicia as required by the patent in suit.

(3) Pezze is an English patent found at the end of Exhibit AM, which merely shows some means of providing column sheets which may be separated and glued on other sheets. The disclosure, however, is not complete.

In addition, the Patent Office had before it Groby patent 1,461,757, which is also found in Exhibit AM. This patent reveals a foundation sheet which is adapted to receive a number of gummed strips. However, the indicia are positioned on the gummed strips and are adapted to overlie the corresponding indicia on the foundation sheet so that when the strip is placed on the foundation sheet, the indicia do not show. As a matter of fact, in the Groby patent it is apparent that the indicia are not supposed to match.

The foregoing analysis of the prior art relied upon by the Court of Customs and Patent Appeals and the Patent Office reveals that these patents do not show the four elements claimed. It also shows that they do not anticipate the alleged Hansen invention. It was on this incomplete and non-anticipating evidence, and on this alone, that the Court of Customs and Patent Appeals rendered its decision.

Appellee asserts that any presumption of validity arising by virtue of the issuance of the Hansen patent is dissipated by the existence of more pertinent art which will be subsequently analyzed and which was not relied upon by the Patent Office or the Court of Customs and Patent Appeals. This is the law of this Circuit. In *Jacuzzi Brothers v. Berkeley Pump Company, supra*, the Honorable Judge Fee said at page 634:

“But further, a great many of the patents, which were brought to light in this lawsuit and considered by the Trial Court, had not been previously considered by the Patent Office. Even one prior art reference, which has not been considered by the Patent Office, may overthrow the presumption of validity, and, when the most pertinent art has not been brought to the attention of the administrative body, the presumption is largely dissipated. Such is the case here.”

C. An Analysis of the Prior Art Relied Upon by Appellee.

The prior art relied upon by appellee which was brought to the attention of the trial court and which was not before the Patent Office and the Court of Customs and Patent Appeals, consists of the patents to Iseri (Exhibits AG, AH and AI), Graham (Exhibits AE), Bach (Exhibits AF), and the prior uses by the Pontiac Motor Car Company (Exhibits Q, R, S and AJ) and by the appellee (Exhibit U).

1. The Iseri Patent.

The patent to Iseri, 1,271,167, dated July 2, 1918 (Exhibits AG, AH and AI), shows a foundation

sheet having an indicium thereon consisting of the words "Journal", "Ledger" and "Daily Balance Book", respectively. Iseri also shows in Figure 1 an invoice at the bottom of which he provides a number of perforated gummed strips, each of which bears a corresponding indicium at the extreme left end, as for example (reading from the bottom up) the words "Journal", "Ledger" and "Daily Balance List". When information has been totalized under "Invoice" it is put on gummed strips and glued to the proper foundation sheet. The proper foundation sheet is the one which has the corresponding indicium. In this manner, gummed strips bearing the legend "Journal" are put upon the "Journal" foundation sheet, and so on.

The brief statement of invention adopted by the Court of Customs and Patent Appeals (quoted on page 27 of this brief) reads directly upon the Iseri disclosure. For example: "(1) a foundation form having columns," (see Iseri, Figures 3, 4 and 5), "(2) indicia on said foundation form identifying such columns" (see the indicia at the top of Iseri's foundation forms as illustrated in Figures 4, 5, and 6, to wit: "Journal", "Ledger" and "Daily Balance Book"); "(3) strips attachable in the columns of the foundation form in a manner to leave the column indicia exposed, "(note the manner of attachment of the gummed strips as shown in Figures 3, 4 and 5 of Iseri); and "(4) corresponding or matching indicia on such strips" (see the corresponding indicia on the gummed strips at the bottom of Figure 1 as they are

applied in Figures 3, 4 and 5 in which all of the said indicia are at all times exposed).

It is respectfully submitted, therefore, that the alleged invention of the patent in suit is found in the patent to Iseri. Hansen therefore discloses no invention whatever. Any minor differences are immaterial because in his own patent appellant said specific details were not important and he didn't intend that his invention be limited to them. Note, for example, the language in the specification of the patent in suit, column 5, lines 8 through 16 inclusive:

“My invention is therefore productive of novel and improved results in the preparation and keeping of records, and although the description thereof has been devoted to a preferred embodiment of the same as applied to one illustrative use, *the combination of a foundation form and appropriate strips is applicable to a variety of situations. I therefore, do not desire to be limited in my protection of the specific details of the embodiment described except as may be necessitated by the appended claims.*” (Emphasis added.)

It is interesting to note that the claims of the Hansen patent read upon the Iseri structure. For example, Claim 9 reads as follows:

“The combination of a foundation form having a plurality of columns determined by spaced vertical lines, and a sheet vertically scored to form a plurality of detachable strips applicable to said foundation form between the column determining lines thereof, means for securing such strips to a desired column of said foundation form.”

The application of this claim to Iseri is obvious. The only difference is that the claim calls for vertical rather than horizontal columns. Vertical columns are shown in Graham (Exhibit AE) and even appellant has not suggested that the use of vertical rather than horizontal columns constitutes a "flash of genius" or anything more than the skill of the calling.

It is well settled that that which infringes if later, would anticipate if earlier. *Peters v. Active Mfg. Co.* (1889), 129 U.S. 530, 537, 32 L. Ed. 738; *Knapp v. Morss* (1873), 150 U.S. 221, 228, 37 L. Ed. 1059; and *Miller v. Eagle Mfg. Co.* (1894), 151 U.S. 186, 200, 38 L. Ed. 982, 986.

In other words, if a device would infringe (had it been subsequent to the patent in suit), it would anticipate the invention of the patent in suit if earlier. Thus, since the Iseri forms would infringe the Hansen claims, they will also anticipate these claims because they were in the prior art before Hansen's alleged invention was made.

Iseri's disclosure has all of the elements claimed by Hansen and in the same combination claimed by Hansen and therefore clearly anticipates his claims and renders Hansen's patent invalid.

2. The Graham Patent.

The patent to Graham, 1,442,266 (Exhibit AE) likewise anticipates the alleged Hansen invention. Note that Graham shows a foundation sheet 6, in Figure 4,

which is adapted to accommodate a number of strips (4) which may be gummed thereto. At the top of each of the strips there is an indicium, as, for example, "Road No. 2, Carriers A, B, C". At the far right hand there is a further indicium which reads "Roads No. 1 to 10" which is not covered by the strips (4) when they are secured to the foundation sheet.

It is respectfully submitted that the Graham patent, like Iseri, and to the same extent as Iseri, shows the four fundamentals relied upon by the Court of Customs and Patent Appeals and recited by Mr. Hansen as being essential.

The brief statement of invention adopted by the Court of Customs and Patent Appeals (quoted on page 27 of this brief) reads directly upon the Graham disclosure. For example: "(1) a foundation form having columns" (see Graham's Figure 4), "(2) indicia on said foundation form identifying such columns" (see Figure 4 and the indicium in the upper right-hand corner reading "Roads No. 1 to 10"), "(3) strips attachable in the columns of the foundation form in a manner to leave the column indicia exposed" (see the strips 4 in Figure 4 of Graham); and "(4) corresponding or matching indicia on such strips" (see corresponding indicia at tops of strips).

In the same manner as Iseri, claim 9 of the patent in suit may be read upon the Graham disclosure.

Therefore Graham anticipates Hansen and renders the Hansen patent invalid.

3. The Bach Patent.

The patent to Bach, 758,808 illustrates, in Figure 1, a foundation sheet (a) having a number of horizontal columns (k) each of which is provided with an indicium consisting of the legends "first hand", "second hand", etc. The gummed strips (g) are shown at the extreme right hand side and are adapted to be separated along perforated lines and secured to the foundation sheet as indicated in Figure 2. The gummed strips (g) each have small indicium (m) consisting of small numbers which clearly identify the strips. The gummed strips (g) may be glued to the foundation sheet (a) to permit simultaneous exposure of the legend (m) on the gummed strips and the legend at the end of each column.

The characteristic limitation in the claims of the Hansen patent is:

"upon application of said strips to said foundation form, the indicia on said columns may be exposed to indicate proper or improper location of strips on said foundation form"

which is fulfilled in Bach.

The brief statement of invention adopted by the Court of Customs and Patent Appeals (quoted on page 27 of this brief) reads directly on Bach. For example: "(1) a foundation form having columns" (see Bach's form a); "(2) indicia on said foundation form identifying such columns" (see the legends on the form, "1st hand, 2nd hand, etc.") "(3) strips attachable in the columns of the foundation form in a manner to leave the column indicia exposed" (note

the perforated strips g); and “(4) corresponding or matching indicia on such strips” (see the small numerals m on the strips).

Claim 9 of the patent in suit reads directly upon the Bach disclosure. If Bach devices were first introduced at the present time, they would constitute an infringement of claim 9. Since that which infringes if later anticipates if earlier, it is respectfully submitted that the Bach patent likewise anticipates the alleged invention of the patent in suit. *Peters v. Active Mfg. Co.*; *Knapp v. Morss*; and *Miller v. Eagle Mfg. Co.*, *supra*.

The Bach patent discloses the four elements required by Hansen and clearly renders the patent invalid.

4. The Pontiac Prior Use.

The Pontiac prior use (Exhibits Q, R, S and AJ) discloses a foundation form and a number of gummed strips secured thereto. At the head of each column of the foundation form there is an indicium consisting of the names of the months of the year. At the time the gummed strips are secured to the foundation form they likewise have corresponding indicia which permits the clerk who secures the gummed strips to the foundation form to ascertain that the same are properly placed. (V. III, pp. 214, 215.) Therefore the elements of Hansen's alleged invention are likewise present in this prior use. The existence of this prior use is not questioned, and it was publicly and ex-

tensively used several years prior to the alleged making of Mr. Hansen's invention and more than one year prior to the date upon which he filed his patent application.

It will be apparent that the four elements recited by the Court of Customs and Patent Appeals may be applied to the Pontiac prior use in the same manner and to the same extent as they have been applied to the Iseri, Graham and Bach disclosures previously in this memorandum.

The Pontiac prior use therefore discloses the four elements required by the Hansen claims and clearly invalidates the Hansen patent.

5. The Appellee's Prior Use.

The appellee used peg board strips which are the equivalent of gummed strips in its Denver office in 1939 and glued them in a book. (Exhibit U.)

This use is strikingly similar to the type of use shown by Graham in Figure 1 of the patent No. 1,442,266 (see Book of Patents Exhibit AM), wherein Graham takes a group of sheets of paper (2) and glues them in overlaid fashion to another sheet of paper (1). In the patent specification, Graham states that the overlaid glued forms are the equivalent of, and simply a modification of what was shown in Exhibit AE. Since these two types of forms are identified in the prior art as being equivalents, it is apparent that they are still equivalents and that Exhibit U is the equivalent of gluing strips on pages of a book.

The defendant's own prior use shows that the equivalent of Hansen's alleged invention was in the public domain and that the Hansen patent is invalid.

D. Since the Prior Art Relied Upon by Appellee Clearly Demonstrates the Invalidity of the Patent in Suit, It Is the Duty of the Court to Determine Invalidity as a Matter of Law.

The foregoing analysis is based upon a study of the prior art and the claims and specifications of the Hansen patent, all without the benefit of explanatory testimony or evidence. When such a study without the need of extrinsic evidence will permit the court to compare the prior art, prior uses and the alleged invention, then the court clearly may determine, as a matter of law, the question of validity.

This is in line with the holding of the Supreme Court of the United States in *Market Street Cable Railway Co. v. Rowley* (1895), 155 U.S. 621, 15 S.C. 224:

“The defendant put in evidence a number of patents prior in date to the plaintiff's, and asked the court to compare the inventions and devices therein described with those claimed by the plaintiff. No extrinsic evidence was given or needed to explain terms of art, or to apply the descriptions to the subject-matter, so that the court was able, from mere comparison, to say what was the invention described in each, and to affirm from such mere comparison whether the inventions were or were not the same. The question was, then, one of pure construction and not of evidence, and consequently was matter of law for the court, with-

out any auxiliary fact to be passed upon by the jury.”

“If, upon the state of the art as shown to exist by the prior patents, and upon a comparison of the older devices with those described in the patent in suit, it should appear that the patented claims were not novel, it becomes the duty of the court to so instruct the jury * * *”

It is clear after reviewing the appellee’s prior art that the patent in suit is invalid because the business record defined by its claims does not constitute invention in that it does not reveal the flash of creative genius but at most merely the skill of the calling, and when this is apparent, it is the duty of the court to determine it as a matter of law.

IX. THE PATENT IN SUIT IS NOT INFRINGED.

A. Appellee’s Alleged Infringing Forms.

Appellant neglected to point out to this Court what acts of appellee were alleged to constitute infringing acts. It will, therefore, be necessary to show the type of business records used by appellee and which allegedly infringe the Hansen patent.

The evidence shows that appellee used several different kinds of forms all of which are alleged to infringe the Letters Patent in suit. For example, in its zone office in San Francisco, California, appellee used forms of the kind exemplified by plaintiff-appellant’s Exhibit 2. In its zone offices in Butte, Montana; Se-

attle, Washington; Dallas, Texas; New York, New York; Oklahoma City, Oklahoma; Omaha, Nebraska; Phoenix, Arizona; Salt Lake City, Utah; Tulsa, Oklahoma; Spokane, Washington, and El Paso, Texas, appellee used forms of the kind exemplified by defendant-appellee's Exhibits T-1 to T-11, inclusive.

The various forms, those used in the San Francisco zone and those used elsewhere, differ in many respects. For example, and referring particularly to Exhibits T-1 to T-11 inclusive, it will be noted that these forms differ as follows:

On Exhibit T-1 the indicia "Meat Sales" on the foundation sheet is found in longhand. The original indicia at the top of the columns are noted as "Column 1, Column 2", etc. The strips entitled "Meat Sales" cover the indicia at the heads of the columns. The matching indicia, therefore, are the longhand notations "Meat Sales" at the top of the foundation sheet and the printed legends "Meat Sales" at the top of each of the strips.

Exhibit T-2 is similar to T-1 in many respects except that it refers to groceries.

Exhibit T-3 indicates that there was no indicium on the foundation sheet.

Exhibit T-4 illustrates a single printed indicium, "Grocery or Meat Purchases", at the top of the foundation sheet and similar indicia at the top of each of the strips. The indicia on the strips match only the single printed indicium at the top

of the foundation sheet and do not match the printed indicia at the top of each of the printed columns on the foundation sheet.

In Exhibit T-5, a longhand indicium is found at the top of the foundation sheet and each of the columns is provided only with a column number. The strips do not match any of the indicia.

In Exhibit T-6, an indicium is found at the top of the foundation sheet and there are indicia on each of these strips. However, there is no matching and certainly no simultaneous exposure of the various indicia.

In Exhibit T-7, a longhand indicium is found at the top of the foundation sheet and each of the columns of the foundation sheet is provided with a column number. There is no similarity between the indicia on the strips and the indicia at the tops of each of the columns.

In Exhibit T-8, there is nowhere shown any similarity of indicia.

In Exhibit T-9, a longhand indicium is provided at the top of the sheet but the indicia on the various strips do not match the longhand indicia.

In Exhibit T-10 a printed indicium is provided on the foundation sheet, "Grocery or Meat Purchases". There are different headings on the columns and these are also printed. The strip indicia bear no similarity to either.

In Exhibit T-11 gummed strips only are shown. No foundation sheet is shown.

It was agreed by both parties, *and this includes appellant*, that the forms of the type used in zones other than San Francisco (Exhibits T-1 to T-11 inclusive), are substantially identical to those used in San Francisco (Exhibit 2).

Appellant relies heavily on this stipulation to show infringement. In other words, it is apparently appellant's theory that by showing that all of the forms are substantially identical, the question of infringement is closed. However, appellant has chosen to ignore the effect of this stipulation insofar as the same proves non-infringement, and would have this Court believe that it is an admission only by appellee and not an admission by appellant.

Appellant agreed that the forms used in San Francisco were substantially identical to those used elsewhere. Appellee has shown this Court that the forms which it used elsewhere are substantially identical to the prior art such as shown in the patents to Iseri, for example, and the prior use by the Pontiac Motor Company. For this reason the Hansen patent is invalid and the claims are not infringed.

It is as simple as this: Things which are equal to the same thing are equal to each other. To paraphrase this, the San Francisco forms are substantially identical to the forms used elsewhere by appellee which are substantially identical to the prior art. This being

so, the San Francisco forms, are likewise substantially identical to the prior art.

The one-sided interpretation placed upon the stipulation by appellant in his efforts to prove infringement is absolutely unjustified and appellant ignores appellee's right to use the stipulated similarity of the forms for comparison to the prior art and the patent in suit. Having accepted the stipulation for one purpose, appellant is bound by the stipulation for all purposes.

Further in this brief, appellee will show that forms of the type used in all zones other than San Francisco are identical to the prior art. That being the case the San Francisco forms are also substantially identical to the prior art and, therefore, no invention is defined and they cannot possibly infringe any claims of the Hansen patent.

B. Appellee's Alleged Infringing Forms Do Not Infringe the Patent in Suit Because They Follow the Prior Art.

It is respectfully submitted that the claims of the patent in suit are not infringed because the accused forms follow the prior art. The applicable law was clearly stated by the trial court in its instructions to the jury (V. IV, p. 522, lines 18-25):

“It is a fundamental and well established rule of law that substantial identity between a business form accused of infringing and the prior art removes all possibility of infringement; therefore, if you find that the defendant's business forms are within the lessons of the prior art, then you

will find that they do not infringe the patent in suit and you must return a verdict for the defendant." *Casco Products Corp. v. Sinko Tool & Mfg. Co.* (C.C.A. 7, 1940), 116 F. 2d 119; *Galion Iron Works & Mfg. Co. v. Beckwith Mach. Co.* (C.C.A. 3, 1939), 105 F. 2d 941; *Thompson v. Boisselier* (1884), 114 U.S. 1, 5 S.C. 1042. (Authorities inserted.)

An examination of the alleged infringing forms, Exhibit 2 and the Exhibits T-1 through T-11) reveals that the follow the teaching of the prior art.

(1) The prior art and the accused forms use foundation sheets. (See Iseri, Graham, Bach, Pontiac prior use and appellee's own prior use.)

(2) The prior art and the accused forms use gummed strips. (See Iseri, Graham, Bach, Pontiac prior use and appellee's own prior use.)

(3) The prior art and the accused forms use legends or indicia on the foundation sheets. (See Iseri, Bach, Graham, Pontiac prior use and appellee's own prior use.)

(4) The prior art and the accused forms may be used in such a manner that when the gummed strip is secured to the foundation form, the indicia on the foundation form will be exposed simultaneously with similar indicia on each gummed strip. (See Bach and Iseri particularly.)

It is respectfully submitted, therefore, that it is clear beyond any shadow of a doubt that the alleged

infringing devices are in line with the prior art and follow the teachings of the prior art and for this reason do not infringe any of the claims of the patent in suit.

Some question has been raised as to whether Hansen requires indicium at the head of *each column* of the foundation sheet. Any such assertion may be summarily disposed of by a glance at the four elements defined by the Court of Customs and Patent Appeals and the Hansen specification.

Hansen himself did not intend that his invention be limited to the use of a different indicium at the head of each column of the foundation sheet. Note, for example, the disclosure of column 4 of the Hansen specification, lines 50 to 64:

“It may also be of interest to the main office to be in a position to determine the total delivery over a period of time to any one of the departments of a store in the system. This may be obtained very conveniently through the application of carbon copies of the original daily strips, to a separate foundation form devoted exclusively to the daily delivery to that particular department for the stores of the whole system. Thus, if carbons of the daily produce strips are applied from day to day to a foundation form carrying the caption ‘Produce’, the total of such horizontal line of figures gives the total produce deliveries to the stores as indicated, and over a period of time represented by the number of strips.”

This clearly shows that gummed strips all bearing the same indicia, as, for example, “Produce”, could be

put on a single page bearing that single caption. Thus, it is admitted in the Hansen specification, that what is shown in his drawings is the equivalent of and is identical to a plurality of gummed strips having identical indicia mounted on a foundation sheet having a single caption at the top.

Conversely, while Hansen illustrates in his drawing a foundation sheet having different columns each with a different indicium, he states that it is the equivalent thereof to provide a single foundation sheet having a single caption.

The alleged infringing forms show the use of indicia at the head of each column or a single indicium at the top of the foundation sheet. Hansen's patent admits these are equivalent. It has been agreed by appellant that they are substantially identical. (See appellee's brief, p. 43.)

C. The Question of Infringement May Be Determined by the Court and Where There Is No Question That the Alleged Infringing Forms Follow the Prior Art, It Is the Duty of the Court to Find That the Patent in Suit Is Not Infringed.

This Court of Appeals gave tacit approval to the right of a trial court to grant a judgment n.o.v. on the matter of infringement alone in *Patent Scaffolding Co., Inc. v. Up-right, Inc., supra*. In that matter the case was tried to a jury which returned a verdict in favor of the plaintiff holding that the patent in question was valid and infringed. Judgment was entered on the verdict, but subsequently the defendant moved for judgment notwithstanding the verdict, stating as grounds therefor that the evidence required a finding

that the patent was invalid and that no infringement had been disclosed. The court sustained the motion upon the latter ground, vacated the verdict, and ordered judgment entered for appellant upon findings of noninfringement.

Thus, the matter of infringement, like that of validity, being one which can be determined by a simple examination of the patent in suit, the claims thereof, the alleged infringing device, and the limitations of the claims imposed by the prior art, may be determined by the court and the court may properly direct a verdict.

The court, in examining the claims of the patent in suit and applying them to the prior art is not, of course, obligated merely to "read" the claims upon the infringing device but is entitled to "read" the claims on the alleged infringing device in the light of the prior art.

The court, from an examination of the business forms alleged to infringe, and the prior art, can see, without the introduction of extrinsic evidence, that the two are substantially identical. This being so, there is no possibility of infringement. As previously pointed out, since all of the alleged infringing forms are substantially identical, to each other, and are substantially identical to the prior art, there is no infringement.

Thus, infringement being a matter which may properly be determined by the trial court, this Court can also inquire into the matter and render a decision

based upon a study of the claims of the patent in suit, the prior art, and the alleged infringing devices. Where there is no question that all of the appellee's devices are substantially identical to the prior art, both prior patents and prior uses, it is the duty of the Court to find that there is no infringement.

**X. THE APPELLEE HAS A STATUTORY LICENSE
UNDER THE PATENT IN SUIT.**

35 *U.S.C.A.* 48 states:

“Every person who purchases of the inventor, or discoverer, or with his knowledge and consent constructs any newly invented or discovered machine, or other patentable article, *prior to the application* by the inventor or discoverer for a patent, or who sells or *uses* one so constructed, shall have the right to use, and vend to others to be used, the specific thing so made or purchased, without liability therefor.” (Emphasis added.)

The above statute was repealed by Section 5 of the Act of July 19, 1952, Chapter 950, 66 Stat. 815. However, the saving clause of Section 5 provides that: “Any rights or liabilities existing under such sections or parts thereof shall not be affected by this appeal.” Clearly, then, appellee was, at the time this case was instituted, and still is, possessed of any and all rights which accrued to it under this statute. *Hartley Pen Co. v. Lindy Pen Co., Inc.* (D.C. S.D. Cal. 1954), F. 2d, 102 U.S.P.Q. 151.

A. A Patent on a Business Form Is Included Within the Scope of 35 USCA 48.

It is clear that a patent on a business form or record is included within this statute since the words "machine or other patentable article" have been held to mean an invention or thing patented. *Barton v. Nevada Consolidated Copper Co.* (D.C. Nev. 1932), 58 F. 2d 646, affirmed (C.C.A., 9), 71 F. 2d 381 and *Mix v. National Envelope Co.* (D.C. E.D. Pa. 1917), 244 F. 822.

In *Barton v. Nevada Consolidated Copper Co.*, *supra*, recently cited in *Hartley Pen Co. v. Lindy Pen Co. Inc.*, *supra*, the defendant installed an electric furnace for the purpose of making abrasive resistant steel-grinding balls and liners for its mills for grinding ore. The plaintiff was hired as a metallurgist in the research department for the express purpose of operating the new furnace and developing a method of making abrasive resistant steel balls with liners for the defendant's mills. The plaintiff perfected a process which was, in part, conceived prior to his employment by defendant and during the course of his employment and upon which he obtained a patent. The court found that the process covered by the patent was the process perfected during the plaintiff's employment and that this process was used in the business of the defendant with the knowledge and consent of the plaintiff prior to the application for patent. The plaintiff, after making application for a patent, took up the matter of compensation for the use of the process, but no agree-

ment was reached. The plaintiff then brought suit for an injunction against further infringement and for an accounting of benefits derived.

The District Court dismissed the complaint on the ground that the defendant had a right to use the process it was using, assuming it to be the same as the patented process, without compensation therefor under the provisions of R.S. 4899 (predecessor of 35 U.S.C.A. 48). The Court of Appeals affirmed the lower court and held that the words "machine or other patentable article" in R.S. 4899 should be construed to have the same comprehensive meaning as the Supreme Court attributed to the words "machine, manufacture, or composition of matter" in the earlier case of *McClurg v. Kingsland* (1843), 42 U.S. 202; that is, "invention" or "thing patented".

This Court further held that a patent on a process is as much within the statute as a patent on a machine. It also said that aside from the statute the defendant was entitled to use the process under the equitable doctrine which was announced in *United States v. Dubilier Condenser Corp.* (1933), 289 U.S. 178. While there was no specific discussion of the fact that the plaintiff had asked for compensation shortly after he applied for a patent, nevertheless it was obvious that the court was aware of that demand and considered that it had no effect under the statute.

From the foregoing it is apparent that a patent on a business form is included within the purview of 35 U.S.C.A. 48, (successor to R.S. 4899).

B. Appellant's Alleged Invention Was Used by Appellee Before Appellant Applied for His Patent and With His Knowledge and Consent.

It is uncontroverted that appellant's alleged invention was used by appellee before appellant applied for a patent. (See appellant's opening brief, pages 6 and 7, V. III, p. 60, lines 18 and 19.) It is also uncontroverted that the forms were used with his knowledge (V. III, p. 60, lines 24 and 25) and with his consent (V. III, p. 61, lines 11, 14-18), which brings the case squarely within the provisions of the statute.

C. Appellant's Alleged Demand for Compensation Does Not Vitate the Consent Given by Appellant.

Appellant's alleged demand for compensation does not affect the appellee's right to the implied license conferred upon it by 35 U.S.C.A. 48. A similar situation arose in the case of *Dable Grain Shovel Co. v. Flint* (C.C. Illinois, 1890), 42 F. 686, affirmed 137 U.S. 141.

In this case, John Dable in the employ of the defendant, Dable Grain Shovel Co. as superintendent of machine, and prior to his application for the Letters Patent involved in the infringement suit, constructed and put into use in the defendant's grain elevators, machine for unloading grain from railroad cars. The inventor obtained two patents on these machines and assigned them to Flint. The court held that the plea of Section 7 of the Act of March 3, 1839 (predecessor to the Act of July 8, 1870, predecessor of 35 U.S.C.A. 48), was a complete defense to a suit for

infringement. The judge in the Circuit Court decision held that the fact that:

“Dable demanded compensation for the use of the patents, and the defendants refused to recognize his rights thereto, does not, in my opinion, affect the defense raised by the plea, because if Dable had no right to compensation, a demand could not give him such right.”

In the present case, the exact parallel arises. The statute having given appellee herein a license, appellant could not, by demanding compensation, deprive appellee of its right.

In *Barton v. Consolidated Copper Co., supra*, the plaintiff also asked for compensation but, nevertheless, the court held that the defendant had an implied license under the statute.

Appellant denied that the use was with his consent and urged that the appellee's use was permitted only by a contract. To find a contract he referred to a conversation with Mr. Arthur Stewart, now deceased. When confronted with his deposition (taken before Mr. Stewart's death) he had to admit that Mr. Stewart had not said yes and had not said no. (V. III, p. 131.) Obviously no contract existed because there was not a meeting of the minds.

Moreover, the only written document concerning the conversation between appellant and Mr. Stewart does not bear out appellant's statement. (See Ex. AL and V. IV, p. 390, lines 11-17.) It read as follows:

“We did not agree to give Hansen anything, but a week later when Cambridge used Hansen as a messenger to take reports to this office, Hansen asked me if I thought he should have two hundred dollars (\$200.00). I told him that it was not proper for the company to make payments of this kind when work was done by an employee.”

This memorandum made in the regular course of business shows clearly that appellee never agreed to compensate appellant in any way. From this it is clear that there was no contract.

It is respectfully submitted that since it is established by uncontroverted evidence that the appellee used the alleged infringing forms with his knowledge and consent before appellant's application for a patent, that the question of whether or not the appellee has an implied license is one of law and may be decided by the judge without submission to the jury. *Pierson v. Eagle Screw Co.*, 19 F. Cases 672.

It is clear that such an implied license arises in favor of the appellee and to deprive itself of that right, appellee must have taken positive action for the express purpose of surrendering this license. No such positive action is shown in the record.

D. Under a Statutory License, Appellee Has the Right to Continue to Use the Business Forms Covered by the Hansen Patent.

Under a license conferred by 35 USCA 48, the appellee need not continue to use the specific item

but may make new items if the devices are of the type which are destroyed in their use or which, by their nature, require replacement. *Mix v. National Envelope Co.* (D.C. E.D. Pa. 1917), 244 F. 822; *Wiegand v. Dover* (D.C. N.D. Ohio 1923), 292 F. 255. For example, it would be absurd if it were urged that the appellee had the right only to use the specific forms which it had used before the date of the application for patent, that is, the specific pieces of paper, inasmuch as these forms are used and then kept. The forms are not available for re-use.

A very similar situation arose in the case of *Mix v. The National Envelope Company, supra*. In this case an employee salesman of the defendant envelope manufacturer induced the defendant to manufacture and sell a new style of envelope which he had invented and which he later assigned to the plaintiff. The defendant didn't push sales of this special type of envelope but only continued to fill orders as they came in. The envelope in the *Mix* case is similar to the accounting record in the case at bar inasmuch as, having once been used, it is valueless. The court dismissed the complaint in the *Mix* case and held that the patentee had granted without restriction or limitation the right to the defendant to make and sell to its customers this patented envelope. The Court also said that an employee who makes an invention of value in the work of his employer about which he is employed and invites his employer to engage in its manufacture for use and sale did not deny to his employer the right if exercised.

It is clear from the foregoing that the Appellee has an implied license under 35 U.S.C.A. 48 giving it the right to reproduce and use the subject forms without liability therefor.

**XI. THE APPELLEE HAS A SHOP RIGHT
UNDER THE PATENT IN SUIT.**

A shop right is an irrevocable, non-exclusive, non-transferable license to use the invention which arises in an employee-employer relationship between the parties. *Hartley Pen Co. v. Lindy Pen Co., Inc., supra.*

The alleged invention was clearly made during the period that the appellant was employed by the appellee. (V. IV, pp. 495-497.) It related to his work. (V. IV, pp. 286-7, 497.) The appellee paid for the final usable product. (V. IV, p. 299.) These facts are not disputed.

The appellant states that he made the invention while on the sunny beaches of San Francisco and that he produced rough drawings of his proposed forms while at home and submitted them to his supervisor, Mr. Cambridge. (V. IV, pp. 286-7, 495-7.) Mr. Cambridge testified that the rough drawings were disclosed to him and that he discussed their application to the appellee's business with the appellant. (V. IV, pp. 287-8.)

This fact situation is identical to that in *Gill v. U. S.* (1896), 160 U.S. 426, 40 L. Ed. 480. Gill had

been employed as machinist, foreman, and draftsman at the Frankford Arsenal and later as master armorer. He was employed to perform manual labor and to exercise his mechanical skill in the service of the government, but was not hired to exercise his inventive genius. However, during his employment six patents relating to his work were issued to him. He sued the government for compensation for the use of the improvements he had patented. Gill tried to differentiate his case by showing that his invention, until it was reduced to paper, in the form of an intelligible drawing, was made during time which belonged to him and not on the time of the government. The cost of preparing the patterns for the iron and steel castings, and of preparing working drawings and of constructing the machines was borne exclusively by the government and several of the machines were made before an application for patent was made. The Court said:

“* * * while the claimant used neither the property of the government, nor the services of its employees in conceiving, developing, or perfecting the inventions themselves, the cost of preparing the patterns and working drawings of the machines, as well as the cost of constructing the machines themselves that were made in putting the inventions into practical use was borne by the government, the work being also done under the immediate supervision of the claimant.”

The court felt that the distinction that the claimant tried to draw was too narrow to create a different

principle and hence the doctrine of shop right would still apply. The court went on to say:

“The material fact is that, in both this and the *Solomons* case, the patentee made use of the labor and property of the government in putting his invention into the form of an operative machine, and whether such employment was in the preliminary stage of elaborating and experimenting upon the original idea, putting that idea into definite shape by patterns or working drawings, or finally embodying it in a completed machine, is of no consequence. In neither case did the patentee risk anything but the loss of his personal exertions in conceiving the invention.”

It can be seen that the present case and the *Gill* case are substantially identical and that the appellee has a shop right under the patent in suit.

The appellant urged a contract but, as shown on page 53 of this brief, no contract ever existed, and the appellee's shop right remains effective as a bar to recovery in this action. It has been held that a demand for compensation does not create a contract and does not vitiate a shop right. *Wilson v. American Circular Loom Co.* (CCA 1, 1911), 187 U.S. 840.

XII. THE APPELLANT HAS FAILED TO PROVE DAMAGES.

Appellant is not in the business of manufacturing forms, has not licensed others to manufacture forms and has not shown any loss of sales, loss of profits, interference with his business nor any of the other matters from which damages customarily flow. Nor has the appellant attempted to do so; hence, no damages are due him. In *Coupe v. Royer* (1895), 155 U.S. 565, 582, the court said:

“at law the plaintiff is entitled to recover, as damages, compensation for the pecuniary loss he has suffered from the infringement, without regard to the question whether the defendant has gained or lost by his unlawful acts—the measure of recovery in such cases being not what the defendant has gained, but what plaintiff has lost.”

Appellant has only sought to show that there has been a savings to appellee by some mysterious decrease in the number of comptometer operators employed by appellee before and after the adoption of gummed strips. (V. III, p. 17.)

It was later brought out that simultaneously with the adoption of gummed strips there was a change of systems and appellant failed to show that any apportionment of savings, if any could be made. He failed in his burden and the problem of proving specific savings was never met face to face. Appellant's own testimony (V. III, pp. 111 to 122) clearly proves that if there was a saving, which is doubtful, it arose from a change of system which he did not invent and which was not patentable.

The alleged savings are too intangible and too remote from the adoption of the gummed strips to constitute a yardstick for damages in this action. Furthermore, it is conclusively shown that there were no savings. Note the testimony of Mr. Cambridge wherein he stated (V. IV, p. 292, lines 14-16 incl.):

“Q. Can you state what the analysis showed with respect to increase or decrease in the number of comptometer operators?”

A. The account shows that there was an increase.”

Mr. Cambridge's testimony is supported by the physical exhibits, Exhibits X and XI, which show that the number of comptometer operators, rather than being reduced by eight, was increased gradually despite the fact that there was a decrease in the number of stores being serviced by the central office.

It is respectfully submitted that appellant's unsupported charge that the use of gummed strips made possible the release of eight comptometer operators, is contrary to the testimony of his superior and is in conflict with the only records relating to the matter, that is, Exhibits X and XI which do not bear him out.

Since there is no showing as to what the appellant has lost from the alleged infringement and no showing that the appellee has profited, the appellant is not entitled to an award of damages based upon appellee's use.

XIII. AN ANALYSIS OF THE OPENING BRIEF OF PLAINTIFF-APPELLANT.

In our comments upon appellant's opening brief, we will use the same headings.

Jurisdictional Statement.

The court no doubt has jurisdiction of the cause and the parties.

Abstract of the Case.

It is respectfully submitted that appellant's "Abstract of the Case" is far too abstract and leaves a great deal to be desired due to its lack of completeness. Appellee has sought to correct the defects by putting in its brief a complete statement of the case as it applies to the defenses raised.

Factual Statement.

We believe that in his factual statement appellant's advocate drew all favorable inferences possible. Appellee believes, however, that it will be unnecessary to point out each of the instances where the inferences were drawn more favorably than justified, because it is appellee's contention that a study of the extrinsic evidence is not required by this court.

Appellee has sought to analyze undisputed evidence in conjunction with each of its particular defenses. It is respectfully submitted that the evidence which this court need examine, i.e. the patent in suit, is not in dispute and is clearly set forth in this brief.

The Invention.

Appellee has commented upon the paucity of explanation of the invention made by appellant and has enlarged upon the description earlier herein.

Specification of Error.

Appellee submits that appellant's specification of error is erroneous in that the trial court did not foreclose the jury from considering the case at bar. The jury deliberated for nine hours and did not return a verdict, whereupon the Honorable Judge Carter granted appellee's motion for judgment in accordance with motion for a directed verdict where no verdict was returned. Appellee has clearly set forth the propriety of granting such a motion under Rule 50(b).

The Scope of Evidence to Be Reviewed.

It is thought that appellant's arguments advanced under this heading are adequately answered and the pertinent evidence is reviewed by appellee.

The Essential Evidence.

There is no dispute between the parties as to the statements made under this heading by the appellant.

Damages.

The true picture concerning damages is set forth on pages 52 and 53 hereof. It is clear that appellant's wild assertions that he has been damaged in the amount of some \$350,000.00 are absurd.

Issues Raised by Defendant's Answer.

In his argument under this heading appellant suggests that it is the appellee's obligation to point out the defenses which it raised in the lower court and the evidence required to support them. Appellant, however, urges that this is not an ordinary case of patent infringement but seeks to rely, in some way, upon the doctrine of a breach of confidential disclosure which, as pointed out earlier in this brief, he cannot do and which, during the pre-trial hearing, appellant agreed was improper. It was agreed that the matter of a confidential relationship has nothing to do with the matter of patent infringement. It is only pertinent to rebut a claim of license.

A confidential relationship does not create a valid patent nor does it create an admission of infringement. We have shown, however, in the analysis of appellee's defenses based upon statutory license and shop right, that there is no need to determine whether there was a confidential relationship or whether there was an agreement to pay.

The Iseri Patent.

This patent is discussed in detail on pages 31 to 34 of this brief and it is submitted that these comments show clearly how completely the Iseri patent anticipates the claims of the patent in suit.

The Graham Patent.

This patent is discussed in detail on pages 35 and 36 of this brief, and, as previously pointed out in

connection with Iseri, it is respectfully submitted that our prior comments show the pertinency of the Graham patent as an anticipatory reference.

The Bach Patent.

It is thought that the pertinency of the Bach patent is clearly pointed out earlier in this brief.

The reference to *Bianchi v. Barili* (CA 9, 1948), 168 F. 2d 793, relates to infringement and not to anticipation, and we are at a loss to understand its insertion.

The Pontiac Prior Use.

Appellee's comments earlier in this brief concerning the Pontiac Prior Use certainly show its pertinency:

The witness, Markham (V. III, p. 214) testified that when the strips were returned from the zone office to his company, there were certain recapitulations on the strips and that the designation of the month to which the information referred was at the top of each of the strips so that the "clerk in our organization who had to handle this would know to put January in January, and so on". Thus the clerk could put the proper strip in the proper column on the foundation sheet and have the indicia on the strip match the indicia on the foundation sheet. The matching indicia on the strip could then be removed, if desired, or it could be glued down to cover the matching indicia on the foundation form, and in the same manner as used by appellee to paste its strips as for example in Exhibits T 1 to T 11.

Safeway's Own Alleged Prior Use.

Appellee's prior comments in connection with its own prior use effectively dispose of appellant's arguments.

Appellant, on pages 22 and 23, comments upon the fact that appellee relied upon art other than art relied upon by the Patent Office. This point is clearly answered earlier in this brief and is disposed of entirely by Judge Fee's remarks in the case of *Jacuzzi Bros. v. Berkeley Pump Co., supra.*

On pages 24 and 25 of his brief, appellant refers to certain specific defenses, all of which appellee has referred to herein at appropriate places.

XIV. SUMMARY.

It is respectfully submitted that the Honorable District Court properly directed the verdict where no verdict was returned on the grounds that as a matter of law there was no evidence offered and received in the case which would justify a verdict in favor of the plaintiff-appellant and against said defendant-appellee, and that the evidence was legally insufficient to support a verdict in favor of the plaintiff-appellant.

In a patent case, the District Court and the Court of Appeals have a clear duty to measure the alleged invention of the patent in suit against the legal standards set up by the Supreme Court of the United

States regardless of whether or not the jury returned the verdict.

From the foregoing analysis of the patent in suit and of the prior art relied upon by the appellee, it is clear that the patent in suit fails to meet this standard of invention and must be held invalid as a matter of law.

It is also respectfully submitted that the patent in suit must be held not infringed by the appellee's forms as a matter of law because the appellee's forms clearly follow the prior art cited by the appellee.

In addition, appellee has established that it has a license under the patent in suit by way of a statutory license and a shop right.

Therefore, it is respectfully submitted that this Court should affirm the judgment of the District Court.

Dated, San Francisco, California,

August 27, 1954.

Respectfully submitted,

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